

**KINGMAN AIRPORT AUTHORITY, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2013**

**KINGMAN AIRPORT AUTHORITY, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Kingman Airport Authority, Inc.  
Kingman, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Kingman Airport Authority, Inc., as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Kingman Airport Authority, Inc. as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kingman Airport Authority, Inc.'s basic financial statements. The Statement of Revenues and Expenses – Budget and Actual – Budgetary Basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statement of Revenues and Expenses – Budget and Actual – Budgetary Basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors  
Kingman Airport Authority, Inc.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2013, on our consideration of the Kingman Airport Authority, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kingman Airport Authority, Inc.'s internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

Phoenix, Arizona  
November 14, 2013

**KINGMAN AIRPORT AUTHORITY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2013**

We (the Kingman Airport Authority, Inc. (Authority)) are pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2013. The intended purpose of Management's Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations, significant economic factors, and the status of infrastructure and its impacts on our debt and operation.

**FINANCIAL HIGHLIGHTS**

- ◆ The assets of the Kingman Airport Authority, Inc. exceeded its liabilities at the close of the most recent fiscal year by \$20,384,522 (net position). Total net position includes \$18,836,796 classified as net investment in capital assets and \$1,547,726 in unrestricted net position.
- ◆ The Kingman Airport Authority, Inc.'s operations produced an operating loss of \$1,565,333 for the fiscal year. Although much of this loss can be attributable to non-cash depreciation expense on assets that were contributed by the federal government or acquired with the aid of grants, the Authority still relies on revenue from the building space and hangars that are continually leased to other parties.
- ◆ Lease revenues increased by 4% from \$529,489 to \$548,823.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves to introduce the Authority's basic financial statements. The Authority's basic financial statements have two components: 1) fund financial statements, and 2) notes to the basic financial statements. Separate government-wide financial statements are not presented since the Authority has only one enterprise fund.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Kingman Airport Authority, Inc., like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Unlike most other governments, which have multiple funds, all of the Authority's activities are business-type activities and are accounted for in a single proprietary fund.

**KINGMAN AIRPORT AUTHORITY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2013**

The *statement of net position* presents information on the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information on how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**Notes to Basic Financial Statements**

The notes to basic financial statements (pages 12 - 19) provide additional information that is essential to a full understanding of the data provided in the fund financial statements and should be read with the financial statements.

**FINANCIAL ANALYSIS**

Net position may serve as useful indicators of a government's financial position. At the end of the fiscal year, the Kingman Airport Authority, Inc.'s assets exceeded liabilities by \$20,384,522.

Airports are capital-intensive enterprises. Approximately 93% of the Authority's net position is invested in capital assets. The Authority uses these assets to provide aviation access and services to the flying public and the surrounding community; consequently, these assets are not available for future spending.

**Table A-1  
Net Position**

	2013	2012	% Change
Current and Other Assets	\$ 1,588,640	\$ 1,708,056	(7.0) %
Capital Assets, Net of Accumulated Depreciation	18,836,796	18,668,266	0.9
<b>Total Assets</b>	<b>20,425,436</b>	<b>20,376,322</b>	
Other Liabilities	40,914	47,233	(13.4)
<b>Total Liabilities</b>	<b>40,914</b>	<b>47,233</b>	
<b>Net Position:</b>			
Investment in Capital Assets	18,836,796	18,668,266	0.9
Unrestricted	1,547,726	1,660,823	(6.8)
<b>Total Net Position</b>	<b>\$ 20,384,522</b>	<b>\$ 20,329,089</b>	<b>0.3</b>

Net position increased by \$55,433 from the previous fiscal year-end. This was primarily due to budgeted revenues in the fiscal year 2012-13 exceeding the projections. This was due largely to monthly aircraft tie down fees generating more than what the tenant anticipated by way of storing large aircraft on the field.

**KINGMAN AIRPORT AUTHORITY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2013**

**Business-Type Activities**

All of the Authority's activities are classified as business-type activities. At the end of the current fiscal year, the Kingman Airport Authority, Inc. is able to report a positive balance in its net position.

**Table A-2  
Changes in Net Position**

	2013	2012	% Change
<b>REVENUES</b>			
Leases	\$ 548,823	\$ 529,489	3.7 %
Capital Grants and Contributions	1,599,496	28,750	5,463.5
Other	462,889	388,387	19.2
Total Revenues	<u>2,611,208</u>	<u>946,626</u>	175.8
<b>EXPENSES</b>			
Depreciation	1,474,295	1,397,537	5.5
Other Operating Expenses	1,081,480	976,791	10.7
Total Expenses	<u>2,555,775</u>	<u>2,374,328</u>	7.6
<b>CHANGE IN NET POSITION</b>	55,433	(1,427,702)	(103.9)
Net Position - Beginning of Year	20,329,089	21,756,791	(6.6)
<b>NET POSITION - END OF YEAR</b>	<u>\$ 20,384,522</u>	<u>\$ 20,329,089</u>	0.3

Lease revenues increased by \$19,334 due to an increase in T-Hangar leases.

Capital grants and contributions increased by \$1,570,746 mainly due to the FAA/ADOT grants to rehabilitate/upgrade Runway 3/21.

Other revenues increased by \$74,502 primarily as a result of monthly aircraft tie down fees generating more than what the tenant anticipated by way of storing large aircraft on the field.

The Authority's expenses increased by more than 7%. This increase was primarily due to the grant projects.

**BUDGETARY HIGHLIGHTS**

The Authority prepares a budget annually which is submitted to the Board of Directors for approval during the spring of each year. The budget is used as a management tool; it is not a legally binding document. The budget and annual comparisons of actual to budget is prepared on the budgetary basis of accounting. There were no significant changes to the budget during the year. Although the budget is not legally adopted, it is an important management tool used throughout the fiscal year. See page 20 for a presentation of the budget to actual comparison for the fiscal year.



**KINGMAN AIRPORT AUTHORITY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2013**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Kingman Airport Authority, Inc.'s capital assets as of June 30, 2013 amount to \$18,836,796 (net of accumulated depreciation), a net increase of less than one percent. The capital assets include runways and taxiways; buildings; improvements; machinery and equipment. A large majority of these assets were contributed to the airport directly or were purchased with the aid of federal and state grants.

Major capital asset events during the current fiscal year included the following:

- ◆ Runway rehabilitation.
- ◆ Environmental assessment for land release.

The following table provides a breakdown of the capital assets of the Kingman Airport Authority, Inc. at June 30, 2013 and 2012.

**Table A-3  
Capital Assets  
(Net of Accumulated Depreciation)**

	Business-Type Activities	
	2013	2012
Land Improvements	\$ 15,194,269	\$ 14,769,497
Building and Improvements	2,930,791	3,100,863
Furniture, Machinery, and Equipment	260,648	318,178
Construction in Progress	451,088	479,728
Total Capital Assets	<u>\$ 18,836,796</u>	<u>\$ 18,668,266</u>

**Long-Term Obligations**

At the end of the current fiscal year, the Kingman Airport Authority, Inc. had no long-term obligations outstanding.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The general economy in Kingman remains flat, as the community is just beginning to see new construction increases over last year. However, home sales are increasing at a modest rate and consumer confidence remains reserved. In the last year there have been new businesses locating in the airport industrial park in existing spaces and job generation has increased. Although a positive trend, the employment increase still hasn't offset the job losses due to plant closures or the total employment at the park which peaked in 2007.

**KINGMAN AIRPORT AUTHORITY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2013**

Kingman's geographic location makes the community suited logistically for manufacturers to service southern California, Arizona, Nevada, as well as parts of Utah and New Mexico overnight. National economic conditions and the unknown impact of new health care regulations have continued to affect the number of inquiries from East Coast and Midwest companies looking to expand their operations into the Southwest to take advantage of the Kingman location. Proceeds from land sales within the industrial park as a result of growth will be utilized to construct basic infrastructure and capital improvement projects for the airfield and industrial park.

Lease revenues and user fees will continue to fund the Authority's operations. Lease opportunities are being pursued and encouraged along with promoting land sales. New leases include an automatic annual adjustment of 3% of the base rent effective July 1, of each year, and as older leases expires, they will be replaced with language incorporating automatic adjustments as well.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Kingman Airport Authority, Inc.'s finances for all of those with an interest in the government's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to:

Kingman Airport Authority, Inc.  
Accounting Department  
7000 Flightline Drive  
Kingman, AZ 86401  
928-757-2134

**KINGMAN AIRPORT AUTHORITY, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 1,463,498
Receivables, Net	
Accounts Receivable	112,352
Intergovernmental Receivable	12,290
Interest Receivable	500
<b>Total Current Assets</b>	<u>1,588,640</u>
<b>Noncurrent Assets</b>	
<b>Capital Assets</b>	
Non-Depreciable	451,088
Depreciable, Net, (Including Property on Operating Leases of \$1,653,883	
Less Accumulated Depreciation of \$852,242)	<u>18,385,708</u>
<b>Total Noncurrent Assets</b>	<u>18,836,796</u>
<b>Total Assets</b>	<u><u>\$ 20,425,436</u></u>
<b>Liabilities and Net Position</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 475
Accrued Wages and Benefits	2,266
Compensated Absences Payable	35,173
Customer Deposit Payable	3,000
<b>Total Current Liabilities</b>	<u>40,914</u>
<b>Total Liabilities</b>	40,914
<b>Net Position</b>	
Investment in Capital Assets	18,836,796
Unrestricted	1,547,726
<b>Total Net Position</b>	<u>20,384,522</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 20,425,436</u></u>

*See accompanying Notes to Financial Statements.*

**KINGMAN AIRPORT AUTHORITY, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**YEAR ENDED JUNE 30, 2013**

Operating Revenues	
Leases	\$ 548,823
Intergovernmental	40,663
Airport Usage Fees	<u>400,956</u>
Total Operating Revenues	990,442
Operating Expenses	
Personnel	486,176
Payroll Taxes and Benefits	140,978
Office Expense	15,403
Professional Services	40,330
Maintenance and Repairs	110,681
Motor Pool	20,893
Operational Expense	267,019
Depreciation	<u>1,474,295</u>
Total Operating Expenses	<u>2,555,775</u>
Operating Loss	(1,565,333)
Nonoperating Revenues	
Contributions and Donations	11,345
Interest Revenue	2,140
Miscellaneous Revenues	<u>7,785</u>
Total Nonoperating Revenues	<u>21,270</u>
Income (Loss) Before Capital Contributions and Transfers	(1,544,063)
Capital Contributions	<u>1,599,496</u>
Change in Net Position	55,433
Total Net Position, Beginning of Year	<u>20,329,089</u>
Total Net Position, End of Year	<u><u>\$ 20,384,522</u></u>

*See accompanying Notes to Financial Statements.*

**KINGMAN AIRPORT AUTHORITY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2013**

**Cash Flows from Operating Activities:**

Receipts from Customers	\$ 1,000,451
Payments to Suppliers	(610,667)
Payments to Employees	(479,382)
Customer Deposits Received	2,250
Other Nonoperating Revenues	19,130
Net Cash Flows Used for Operating Activities	<u>(68,218)</u>

**Cash Flows from Capital and Related Financing Activities:**

Capital Grants and Contributions	1,628,246
Purchases of Capital Assets	<u>(1,642,825)</u>
Net Cash Flows Used for Capital and Related Financing Activities	(14,579)

**Cash Flows from Investing Activities:**

Interest	2,140
Net Cash Flows Provided from Investing Activities	<u>2,140</u>

Net Change in Cash and Cash Equivalents (80,657)

Cash and Cash Equivalents, Beginning of Year 1,544,155

Cash and Cash Equivalents, End of Year \$ 1,463,498

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES**

Operating Income (Loss) \$ (1,565,333)

**Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:**

Depreciation	1,474,295
Other Nonoperating Revenues	19,130

**Change in Assets/Liabilities:**

Accounts Receivable	(15,211)
Intergovernmental Receivable	25,220
Accounts Payable	(15,363)
Accrued Wages and Benefits	360
Compensated Absences Payable	6,434
Deposits Payable	2,250

Net Cash Used for Operating Activities \$ (68,218)

*See accompanying Notes to Financial Statements.*

**KINGMAN AIRPORT AUTHORITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Kingman Airport Authority, Inc. (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Authority's more significant accounting policies follows.

For the year ended June 30, 2013, the Authority implemented the provisions of GASB Statements No. 62, 63 and 65. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB Pronouncements. GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows or resources. GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that were previously reported as assets and liabilities.

**A. Reporting Entity**

The Kingman Airport Authority, Inc. (Authority) was incorporated in the State of Arizona in July 1992, as a nonprofit corporation. The Authority operates, maintains, and manages the Kingman Airfield and Industrial Park, collectively known as the Airport for the City of Kingman, Arizona. The Authority is administered by the board of directors who are elected by the membership of the Authority.

The Kingman Airport Authority, Inc. was formed by transferring the assets and liabilities of the Mohave County Airport Authority, Inc., which related to the Kingman Airfield and Industrial Park, to the Kingman Airport Authority, Inc. The Authority leases the real property at no cost from the City of Kingman, Arizona under a long term lease. Primary sources of funding for the Authority are rents from subleasing real property, proceeds from the sale of real property located in the Kingman Airport Industrial Park, and grants from other governmental units. Functions financed by the Authority include management, maintenance, and development of the Kingman Airfield and the Kingman Airport Industrial Park. The Authority is considered to be a political subdivision of the State of Arizona, Mohave County and the City of Kingman, Arizona with the responsibility of carrying out the function of airport management.

**KINGMAN AIRPORT AUTHORITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

In evaluating how to define the Authority, for financial reporting purposes, management has identified no potential component units. The decision to include a potential component unit in the reporting entity would have been made by applying criteria set forth by accounting principles generally accepted in the United States of America. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e., the Authority) are financially accountable. The primary government is financially accountable for a potential component unit if it: appoints a voting majority of the potential component unit's governing body; and, either is able to impose its will on the potential component unit or there is a possibility of the potential component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government.

In addition, a primary government may be financially accountable for a potential component unit even though the potential component unit may have a separately elected governing board, a board appointed by another government, or a jointly appointed board if the potential component unit is fiscally dependent on the primary government (e.g., the primary government must approve the potential component unit's budget, tax rates, etc.). Because no potential component units were identified in defining the Authority's reporting entity, none have been included in the Authority's reporting entity.

**B. Government-Wide and Fund Financial Statements**

Government-wide financial statements are not presented, as the Authority only engages in business-type activities. The Authority only has one fund, an enterprise fund. Accordingly, the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows report information for that single enterprise fund only.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The statement of net position and statement of revenues, expenses and changes in net position are reported using the *economic resource measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Such revenue is subject to review by the funding agency, which may result in disallowance in subsequent periods.

**KINGMAN AIRPORT AUTHORITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The Authority reports the following proprietary fund:

The *Enterprise Fund* is used to account for operations (a) that are financed and operated in manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities, and Net Position or Equity**

**1. Deposits and Investments**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, authorities or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

**2. Receivables**

All trade receivables are shown net of an allowance for uncollectible receivables. The Authority annually reviews the balance in the reserve account during the budget process to determine if, based on past history, the account is adequate to cover current trade receivables. If judged to be inadequate, an additional amount is budgeted and recorded over the course of the year. Receivables from governments are assumed to be entirely collectible and are not included in this analysis.



**KINGMAN AIRPORT AUTHORITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**3. Capital Assets**

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest capitalized was calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Land Improvements	10-30 Years
Building and Improvements	7-30 Years
Furniture, Machinery and Equipment	3-8 Years

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The Authority adopts an annual nonappropriated budget as a management control device. The budget is prepared on the modified accrual basis, which is a different basis of accounting than is used to present the financial statements. (See Note 1 of Supplementary Information for reconciliation).

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

Deposits at June 30, 2013 consist of the following:

Deposits:

Cash in Bank	\$ 453,069
Certificates of Deposit	1,010,429
Total Deposits	<u>\$ 1,463,498</u>

**Deposits** - The Authority's deposits at June 30, 2013, were entirely covered by federal depository insurance and collateral accounts.

**KINGMAN AIRPORT AUTHORITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 479,728	\$ 1,642,825	\$ (1,671,465)	\$ 451,088
Capital Assets, Being Depreciated:				
Land Improvements:				
Airfield	16,113,202	1,671,465	-	17,784,667
Industrial Park	9,048,640	-	-	9,048,640
Buildings and Improvements:				
Airfield	4,342,310	-	-	4,342,310
Industrial Park	2,060	-	-	2,060
Furniture, Machinery, and Equipment	825,133	-	-	825,133
 Total Capital Assets, Being Depreciated	 30,331,345	 1,671,465	 -	 32,002,810
Accumulated Depreciation for:				
Land improvements:				
Airfield	(6,437,544)	(873,948)	-	(7,311,492)
Industrial Park	(3,954,801)	(372,745)	-	(4,327,546)
Buildings and Improvements:				
Airfield	(1,242,752)	(170,003)	-	(1,412,755)
Industrial Park	(755)	(69)	-	(824)
Furniture, Machinery, and Equipment	(506,955)	(57,530)	-	(564,485)
 Total Accumulated Depreciation	 (12,142,807)	 (1,474,295)	 -	 (13,617,102)
 Total Capital Assets, Being Depreciated, Net	 18,188,538	 197,170	 -	 18,385,708
 Business-type Activities Capital Assets, Net	 \$ 18,668,266	 \$ 1,839,995	 \$ (1,671,465)	 \$ 18,836,796

**KINGMAN AIRPORT AUTHORITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Construction Commitments**

The Authority has several active construction projects at June 30, 2013. The projects involve infrastructure, ramp reconstruction and other miscellaneous projects. At fiscal year end the Authority's commitments with contractors were as follows:

Project	Spent-to-date	Remaining Commitment
Environmental Assessment Land Release	\$ 228,280	\$ 82,221
Environmental Assessment For 80 Acres	76,628	9,168
Terminal Design	146,180	52,730
	<u>\$ 451,088</u>	<u>\$ 144,119</u>

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The Kingman Airport Authority, Inc. is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance. There were no significant reductions in coverage from the prior year and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. In addition, the Authority is insured by Auto-Owners Insurance.

**B. Lease Revenues**

The Authority leases, under operating leases, certain property and improvements.

The operating leases have varying terms ranging from a month-to-month basis to twenty-seven years. Most leases extending over a one-year period contain a rent adjustment based on the consumer price index. Some leases contain an option to renew for a similar term.

The following is a summary of property on operating leases at June 30, 2013:

Buildings and Improvements - Airfield	\$ 1,637,969
Land and Improvements - Industrial Park	15,914
Less: Accumulated Depreciation	<u>(852,242)</u>
	<u>\$ 801,641</u>

**KINGMAN AIRPORT AUTHORITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Lease Revenues (Continued)**

Minimum future rentals to be received on non-cancelable leases as of June 30, 2013, for each of the next five years and in the aggregate are:

<u>Year Ended June 30,</u>	
2014	\$ 773,805
2015	179,145
2016	165,689
2017	125,687
2018	102,970
Subsequent to 2018	1,146,248
Total Minimum Future Rentals	<u>\$ 2,493,544</u>

**C. Related Party Transactions**

One of the Authority's board members and one of the Authority's employees are affiliated with the banking institutions in which the Authority transacts business as either employees or board members of those institutions. At June 30, 2013, the deposits in Mohave State Bank totaled \$139,572. At June 30, 2013, the deposits in Mission Bank totaled \$1,323,926.

**D. Retirement Plans**

**Defined Contribution Pension Plan**

The Authority's 401(a) Retirement Plan is a defined contribution pension plan established by the Authority and administered by Nationwide Life Insurance to provide benefits at retirement to all full-time employees of the Authority. At June 30, 2013, there were eight plan members. Plan members are required to contribute 6% of covered salary. The Authority is also required to contribute 6% of covered salary. Plan provisions and contribution requirements are established and may be amended by the Authority's governing board. Covered payroll for the year totaled \$367,217. Employee contributions totaled \$22,033 and employer contributions totaled \$22,033 for the year ended June 30, 2013. Employee and employer contributions for the years ending June 30, 2011 and 2012 each totaled \$23,288 and \$21,613, respectively.

**E. FAA Commitment for Future Improvements**

The Authority is obligated by the Federal Aviation Administration (FAA) to invest an amount equal to the net proceeds of land sales at the Kingman Airport Industrial Park in improvements to and operations of the Kingman Airfield within five years from the date of the sale. The Authority obtained authorization from the FAA during fiscal year 2009-10 to deduct prior year operating expenses from the beginning balance. In fiscal year 2009-10 the Authority had applied enough operating expenses to the fund that it was zeroed out. The Authority did not make any land sales during the 2012-13 fiscal year. The Authority had no amounts obligated to be spent for airfield improvements and operations at June 30, 2013. In addition, the Authority has an additional amount of \$12,214,474 of operating expenses that can be used to offset future year land sales.

**KINGMAN AIRPORT AUTHORITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 4    OTHER INFORMATION (CONTINUED)**

**F.    Contingent Liabilities**

In February 2000, the Army Corps of Engineers remediated a portion of the Kingman Airport ("Site"). This remediation consisted of excavating the contaminants and placing the soils into 8 separate pits covered with an asphalt cap. The attempted remediation efforts have failed. Specifically, the asphalt cap has deteriorated, rendering portions of the Site unsuitable for airport operations. The federal government caused the initial contamination and conducted the remediation through a third-party contractor. Therefore, the Kingman Airport Authority, Inc. asserts the federal government should be responsible for the cost to repair the failed remediation. Management is unaware of any potential counterclaims the federal government may assert as applicable in this matter.

**G.    Subsequent Events**

Subsequent to June 30, 2013, the Authority entered into a lease for a tractor. The lease requires 60 monthly payments of \$804.

**KINGMAN AIRPORT AUTHORITY, INC.**  
**STATEMENT OF REVENUES AND EXPENSES –**  
**BUDGET AND ACTUAL – BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Leases	\$ 528,416	\$ 548,823	\$ 20,407
Intergovernmental Revenue	65,000	40,663	(24,337)
Contributions and Donations	-	11,345	11,345
Interest Revenue	2,500	2,140	(360)
Application Fees	4,000	-	(4,000)
Land Sales	196,000	-	(196,000)
Capital Contributions	3,043,950	1,599,496	(1,444,454)
Miscellaneous Revenues	800	7,785	6,985
Airport Usage Fees	335,400	400,956	65,556
Total Revenues	<u>4,176,066</u>	<u>2,611,208</u>	<u>(1,564,858)</u>
<b>Expenses</b>			
Personnel	485,543	486,176	(633)
Payroll Taxes and Benefits	141,173	140,978	195
Office Expenses	19,900	15,403	4,497
Professional Services	47,000	40,330	6,670
Maintenance and Repairs	127,000	110,681	16,319
Motor Pool	27,500	20,893	6,607
Operational Expense	321,900	267,019	54,881
Capital Outlay	3,990,289	1,642,825	2,347,464
Total Expenses	<u>5,160,305</u>	<u>2,724,305</u>	<u>2,436,000</u>
<b>Excess (Deficiency) of Revenue Over Expenses</b>	<u><u>\$ (984,239)</u></u>	<u><u>\$ (113,097)</u></u>	<u><u>\$ 871,142</u></u>

**KINGMAN AIRPORT AUTHORITY, INC.**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2013**

**NOTE 1 BASIS OF ACCOUNTING**

The adopted budget of the Enterprise Fund was prepared on the modified accrual basis. Consequently, the following adjustments are necessary to reconcile budgetary to GAAP basis.

	Enterprise Fund	
	Total Operating Revenues	Total Operating Expenses
Statement of Revenues, Expenses and Changes in Fund Net Position	\$ 990,442	\$ 2,555,775
Nonoperating Revenues and Expenses	21,270	-
Adjustments to Present Data on the Budgetary Basis:		
Additions	1,599,496	1,642,825
Subtractions	-	(1,474,295)
Statement of Revenues, and Expenses - Budget and Actual (Budgetary Basis)	<u>\$ 2,611,208</u>	<u>\$ 2,724,305</u>



## **SINGLE AUDIT ACT REPORTS SECTION**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Kingman Airport Authority, Inc.  
Kingman, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Kingman Airport Authority, Inc., as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Kingman Airport Authority, Inc.'s basic financial statements, and have issued our report thereon dated November 14, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kingman Airport Authority, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kingman Airport Authority, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Kingman Airport Authority, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-1, which we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kingman Airport Authority, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Kingman Airport Authority, Inc.'s Response to Findings**

Kingman Airport Authority, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Kingman Airport Authority, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Phoenix, Arizona  
November 14, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Kingman Airport Authority, Inc.  
Kingman, Arizona

**Report on Compliance for Each Major Federal Program**

We have audited Kingman Airport Authority, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Kingman Airport Authority, Inc.'s major federal programs for the year ended June 30, 2013. Kingman Airport Authority, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Kingman Airport Authority, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kingman Airport Authority, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Kingman Airport Authority, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Kingman Airport Authority, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of Kingman Airport Authority, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kingman Airport Authority, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kingman Airport Authority, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-2, which we consider to be a significant deficiency.

Kingman Airport Authority, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Kingman Airport Authority, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

Phoenix, Arizona  
November 14, 2013

**KINGMAN AIRPORT AUTHORITY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditor's report issued:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified not considered to be material weakness?   X   yes \_\_\_\_\_ none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes   X   no

***Federal Awards***

Internal control over major program:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified not considered to be material weakness?   X   yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major program:

*Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

\_\_\_\_\_ yes   X   no

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

20.106

Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes   X   No

**KINGMAN AIRPORT AUTHORITY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2013**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

2013-1	Condition/ Context	As part of the audit, management requested we prepare draft financial statements and related note disclosures to the financial statements.
	Criteria	Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements in accordance with U.S. generally accepted accounting principles.
	Effect	The design of the controls over the financial reporting process would affect the ability of the Authority to report their financial data consistently with the assertions of management in the financial statements.
	Cause	The Authority has a limited number of personnel.
	Recommendation	Should the Authority elect to establish the "full oversight" of the financial statement preparation, we suggest management establish effective review policies and procedures, including but not limited to, the following functions: reconciling general ledger amounts to the draft financial statements; review of all supporting documentation and explanations for journal entries proposed by us and approve the entries; review the adequacy of financial statement disclosures by completing a disclosure checklist; review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements; apply analytic procedures to the draft financial statements; and perform other procedures considered necessary by management.
	Response	We acknowledge the fact that the auditor's expertise was utilized for preparing financial statements as the result of cost-benefit assessment by the Authority. In addition, it should be noted that the financial statements were reviewed for overall appropriateness by Management subsequent to auditor preparation.
	Contact Person	Brenda Chastain, Executive Director of Corporate Administration.

**KINGMAN AIRPORT AUTHORITY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2013**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

2013-2	Condition	The Authority does not have a review process in place over federal financial reporting.
	Context	Three of three federal financial reports.
	Criteria	Internal control procedures
	Effect	Internal control weakness.
	Cause	The Authority has a limited number of personnel.
	Recommendation	The Authority should review its internal control process and implement procedures that include a review of federal financial reports prior to submission.
	Response	The Authority concurs with this recommendation and will implement a procedure to include the review of federal financial reports prior to submission.
	Contact Person	Brenda Chastain, Executive Director of Corporate Administration.

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None noted.

**KINGMAN AIRPORT AUTHORITY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

<u>Grantor Agency</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Transportation			
Airport Improvement Program	20.106	3-04-0021-024	\$ 40,983
Airport Improvement Program	20.106	3-04-0021-025	1,515,292
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,556,275</u></b>

Note: This schedule is prepared on the accrual basis of accounting.